

# **STATE OF LOUISIANA**

## **OFFICE OF STATE INSPECTOR GENERAL**



**Ricky Sinclair  
Miracle Place Church  
All The Way House Addiction Treatment**

**Date Released:  
March 16, 2011**

**CID-10-003**

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BOBBY JINDAL  
GOVERNOR

STEPHEN B. STREET, JR.  
STATE INSPECTOR GENERAL

**State of Louisiana**  
Office of the Governor  
Office of State Inspector General

March 15, 2010

Honorable Bobby Jindal  
Governor of the State of Louisiana  
P.O. Box 94004  
Baton Rouge, LA 70804-9004

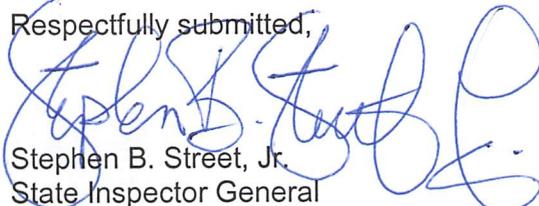
*Re: Case No. CID-10-003*

Dear Governor Jindal:

This report addresses concerns raised about activities of Ricky and Lila R. (Jeannie) Sinclair on behalf of Miracle Place Church and the All The Way House addiction center. It was determined that multiple violations of state and federal law had occurred. A joint Louisiana Office of State Inspector General, Federal Bureau of Investigation, and FEMA Office of Inspector General investigation resulted in this matter being referred to the United States Attorney for the Middle District of Louisiana for prosecution. This report includes five recommendations. These recommendations, if implemented would serve to help prevent such opportunity for fraud involving state and federal funds in the future.

We provided drafts of the report to Ricky and Jeannie Sinclair, GOHSEP Staff, DHH Addictive Disorder Regulatory Authority Staff and Dorothy Wallis. The responses we received are included as Appendix A.

Respectfully submitted,

  
Stephen B. Street, Jr.  
State Inspector General

SBS/cse

Enclosure

## **Executive Summary**

The Louisiana Office of Inspector General (OIG) received credible information that Ricky Sinclair, acting on behalf of Miracle Place Church and All The Way House drug treatment facility, submitted false information to several government agencies which allowed him to access multiple sources of public funds. These funds originated from the United States Government and were distributed by various departments of the State of Louisiana which administer payments and/or reimbursements.

Mr. Sinclair and his wife, Lila R. (Jeannie) Sinclair, are the pastors of Miracle Place Church (MPC) in Baker, Louisiana. They operated MPC as a hurricane relief shelter following Hurricanes Katrina and Gustav. Mr. Sinclair also operates All The Way House (ATWH), a purported substance abuse treatment facility, at the same location.

The OIG was assisted in this investigation by the Federal Bureau of Investigation, the Louisiana State Police, and the Federal Emergency Management Agency (FEMA) Office of Inspector General.

Our investigation revealed the following:

- Mr. Sinclair and MPC staff at his direction made false statements on official FEMA labor documents, causing a significant overpayment for expenses related to the operation of a public shelter after Hurricane Katrina in 2005. The false documents that Mr. Sinclair submitted resulted in an approximate overpayment of \$81,000 in public funds.
- Mr. Sinclair made false statements on official FEMA documents in an attempt to cause an overpayment of labor, food, and equipment expenses related to the operation of a public shelter after Hurricane Gustav in 2008. Mr. Sinclair's original Gustav shelter reimbursement claim was \$1,700,000. Mayor Harold Rideau of Baker, Louisiana, correctly identified most of the original claim as questionable and decreased it accordingly prior to submittal to FEMA.

Mr. Sinclair falsely claimed at least \$306,082 as Gustav related labor costs that neither he nor MPC actually incurred. We identified the false documents and notified FEMA prior to payment.

Mr. Sinclair claimed at least \$74,026 in food and equipment costs related to Gustav that neither he nor MPC actually incurred. We identified the false documents and notified FEMA prior to payment.

- Mr. Sinclair and other ATWH staff members falsified Louisiana Department of Health and Hospitals (DHH) documents related to the ATWH application to become a state funded addiction service provider. Mr. and Mrs. Sinclair and at least three other ATWH staff members concealed criminal convictions during the DHH ATR application process.

Mr. and Mrs. Sinclair and ATWH ultimately received \$258,000 in state and federal funds after having submitted the falsified forms.

- Mr. Sinclair and MPC staff at his direction falsified documents claiming that Life Choice Project training was provided at MPC. These documents were presented for payment to Caring to Love Ministries, a private manager of the publicly funded program. This program is funded by the U.S. Government and administered by the State of Louisiana. Interviews with MPC youth pastors and persons listed as having received the training revealed the training was not delivered. The false invoices resulted in Mr. Sinclair's receiving \$31,500 in public funds for work that was not performed.
- Mr. Sinclair exploited ATWH clients for personal economic gain by using them during the construction of his personal residence. ATWH clients were forced to perform labor to construct Mr. and Mrs. Sinclair's personal residence or risk being expelled from the program and the ATWH facility. For some of the ATWH clients, this expulsion could have exposed them to incarceration. The contract associated with the ATWH clients, entered into between MPC and the State of Louisiana, prohibits contractors from personally benefitting from program participants.

## **Background**

Ricky and Lila R. (Jeannie) Sinclair are the owners and pastors of MPC in Baker, Louisiana. Mr. Sinclair operates the ATWH addiction treatment center, a thrift store (Joseph's Storehouse), and a fitness center (Total Performance Fitness), in separate areas of the building that houses MPC.

Mr. and Mrs. Sinclair have applied for and received funds from various federal and state sources involving the operation of hurricane shelters, a drug treatment facility, and an abstinence training program.

The sources of public funds that Mr. and Mrs. Sinclair, MPC and ATWH have had access to are as follows:

1. United States Department of Health and Human Services (USDHHS):
  - a. Substance Abuse & Mental Health Services Administration
  - b. Administration for Children & Families, Temporary Assistance for Needy Families Bureau (TANF)
2. State of Louisiana Department of Social Services (DSS),<sup>1</sup> administration and disbursement of funds for USDHHS TANF.
3. Caring to Love Ministries (CTLM), a private program monitor administering the following TANF programs on behalf of the Louisiana DSS:
  - a. SAFE – a publicly funded program that covers topics such as goal setting, maturity and character building, abstinence, sexually transmitted diseases, levels of intimacy, setting standards, dealing with peer pressure, and true love.
  - b. SAFE Haven – a publicly funded program that informs new parents of the option to safely surrender custody of a newborn at designated facilities if they are incapable of caring for that newborn.
  - c. Life Choice Project – adoption awareness presentation targeting sixth to twelfth grade teens.
4. United States Federal Emergency Management Agency (FEMA).
5. State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), handling disbursement of funds for FEMA.
6. State of Louisiana Department of Health and Hospitals, Office of Addictive Disorders, Access to Recovery (ATR), handling administration and disbursement of funds for USDHHS for ATR program clients.

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<sup>1</sup> The department long known as DSS changed its name to the Department of Children & Family Services in May 2010. As all of the events in this report took place before the name change, for convenience we will refer to the department in this report as DSS.

## **Scope and Methodology**

We conducted our investigation in accordance with Principles and Standards for Offices of Inspector General as promulgated by the Association of Inspectors General.

This investigation included interviews of current and former MPC employees and church members, as well as persons listed by Mr. Sinclair as having received publicly funded training or counseling from his organization. We interviewed vendors that Mr. Sinclair claimed to have compensated for Gustav related goods and services. We also reviewed and analyzed documents obtained from the following sources:

- FEMA
- LA GOHSEP
- LA DHH, Office of Addictive Disorders
- LA DSS
- Caring to Love Ministries
- The City of Baker, LA
- Louisiana Grill – Covington, LA
- Kossen Equipment – St. Gabriel, LA
- Dirt Cheap Construction – Slaughter, LA
- Documents seized pursuant to a search warrant executed at Miracle Place Church, All The Way House and Mr. Sinclair's residence.
- Electronic records seized pursuant to a search warrant executed at Miracle Place Church

## **Overstated Katrina Labor Costs to FEMA**

FEMA requires that a Force Account Labor sheet be submitted when a reimbursement request is made for labor costs. The Force Account Labor sheet records each employee's regular and overtime hours, regular and overtime hourly pay rates, and the total amount paid to the employee. The Force Account Labor sheet is a summary of both the original sign in sheet and payroll disbursed during a reimbursable shelter operation. Mr. Sinclair submitted Force Account Labor documents as part of reimbursement requests to FEMA associated with the operation of his Hurricane Katrina shelter. MPC financial documents showed that Mr. Sinclair claimed on those Force Account Labor documents that his organization paid employees significantly more than they actually received.

Mr. Sinclair prepared and submitted false documents to FEMA, resulting in an overpayment of approximately \$81,331 for labor costs related to operating the MPC Hurricane Katrina shelter.

Interviews with former MPC employees revealed that they were only paid their normal salaries during the MPC Katrina shelter period. In some cases, the amounts that Mr. Sinclair claimed to have paid them during the shelter periods exceeded the total amount that he actually paid them for the entire year. Some of the employees were not paid until after Mr. Sinclair received the payment from FEMA. Some of the actual payments to those employees were much less than what Mr. Sinclair received. FEMA paid Mr. Sinclair \$121,281 for labor costs he claimed in association with the Hurricane Katrina shelter. Of that, he disbursed \$39,950 to the ostensible employees and kept the remaining \$81,331.

## **Overstated Gustav Labor Costs to FEMA**

Mr. Sinclair submitted false labor records to FEMA in an attempt to obtain reimbursement for expenses not actually incurred at the MPC shelter after Hurricane Gustav. In many instances the persons listed on the labor forms were not present or were volunteers who never expected to be compensated for their time. Mr. Sinclair operated the Gustav shelter for a total of 48 days. He claimed that he paid shelter workers more than \$209,000 during that period of time. The actual amount paid, according to payroll records and 1099 forms, was approximately \$19,699.

Mr. Sinclair also submitted false labor records indicating that *unpaid volunteers* at the shelter worked 11,146 hours, which were billed to FEMA at \$10.47 per hour, for a total of \$116,698.

Documents obtained during this investigation show that Mr. Sinclair originally claimed that he incurred more than \$1,700,000 in expenses and damages during the operation of the MPC Gustav shelter. Mayor Harold Rideau of Baker, Louisiana, correctly identified most of the original \$1,700,000 MPC claim as questionable and substantially reduced the claim prior to submittal to FEMA.

## **False Invoices Related to Gustav Shelter**

Invoices submitted to FEMA in the MPC Hurricane Gustav claim contained false documents that were discovered to have been created at Mr. Sinclair's direction. The invoices were submitted to support the payment of expenses that were never actually incurred. The funds that Mr. Sinclair attempted to obtain using the fictitious documents amounted to \$74,026.

### Louisiana Grill

According to Callan Sinclair, cousin of Ricky Sinclair and owner of Louisiana Grill in Mandeville, Louisiana, Ricky Sinclair requested weekly "food cost estimates" of what it would have cost to feed the evacuees at the MPC shelter. Pursuant to Ricky Sinclair's request, Callan Sinclair provided false invoices amounting to \$49,283. Ricky Sinclair subsequently submitted the fictitious Louisiana Grill invoices to FEMA as if he had actually paid the \$49,283.

Ricky Sinclair had one of his employees print a \$49,283 check to Louisiana Grill. He photocopied the check and attached the copy to the FEMA reimbursement claim along with the false invoices. The fictitious check was never given to Callan Sinclair as payment but was destroyed after copies were made.

Callan Sinclair stated that the only food he provided to MPC was donated because the power was out at his restaurant after Hurricane Gustav and it would have spoiled anyway. He estimated the value of the donated food to be between \$4,000 and \$5,000. Callan Sinclair stated that he never received compensation from Ricky Sinclair for the food that was donated or for the food listed on the set of invoices.

### Kossen Equipment

Included in the MPC claim to FEMA was an invoice in the amount of \$4,818, which purports to have been issued by "Kohler Power Systems," located at 6122 Highway 73 in Geismar, Louisiana. The invoice described an expense related to the rental of a large generator. There is no business named Kohler Power Systems located in Geismar. *Kossen Equipment*, which is located at 6122 Highway 73 in Geismar, is in the business of renting large Kohler generators. The manager of Kossen inspected the invoice and confirmed that it was not issued by his company. He also confirmed that the invoice bears an incorrect company name and that MPC, Mr. Sinclair, and Sinclair World Ministries do not appear in Kossen's customer database. A former MPC employee indicated that Mr. Sinclair directed his secretary, Kathy Galloway, to create the fictitious invoice on her computer based upon his specific instructions. The created invoice was later found to exist on Ms. Galloway's computer.

Mr. Sinclair submitted this false invoice as part of his Gustav reimbursement package in an attempt to receive reimbursement for fictitious expenses.

Dirt Cheap Equipment Lease

Mr. Sinclair submitted an invoice to FEMA to support an expense that he claimed to have incurred with "Dirt Cheap Equipment Lease" during his operation of the Gustav shelter. The \$19,925 invoice indicated payment for the rental of an excavator, a dozer, a 14 yard dump truck, and a 500 gallon diesel trailer. The owner of Dirt Cheap Equipment Lease examined the invoice and determined that he neither created nor issued it to MPC or Mr. Sinclair. He stated that he allowed Mr. Sinclair to use his bulldozer, tractor, dump truck and excavator in the construction of Mr. Sinclair's new home. According to the owner, he did not invoice Mr. Sinclair for the use of his equipment and never received payment for its use. The fictitious Dirt Cheap invoice was part of the FEMA reimbursement package submitted by Mr. Sinclair as expenses incurred during the Hurricane Gustav shelter period. Mr. Sinclair submitted the false invoice in an attempt to receive reimbursement for a fictitious expense of \$19,925.

The false food and equipment invoices listed above were included in the original "Miracle Place Church Shelter Invoice" to FEMA for Hurricane Gustav expenses. That invoice is an itemization of expenses purportedly incurred while MPC served as a hurricane relief shelter and operational center for various relief workers and agencies during Hurricane Gustav. The total claim is \$1,706,212.

## **GOHSEP**

On October 23, 2009 the OIG, with the assistance of the Federal Bureau of Investigation, and the Louisiana State Police, served a duly authorized search warrant at MPC, ATWH and Mr. Sinclair's residence. Documents that were seized and analyzed showed that the MPC application to FEMA for assistance and reimbursement related to its operation of a shelter following Hurricane Gustav contained fraudulent expense and labor claims.

Witt Associates is a public safety and crisis management consulting firm based in Washington, D.C., with offices located throughout the country. Witt Associates has provided disaster claims services for GOHSEP for Hurricanes Katrina and Gustav. Bonetta Rogers is a disaster claims representative employed by Witt Associates in the Baton Rouge GOHSEP / FEMA Joint Field Office. Ms. Rogers is the Witt employee assigned the City of Baker disaster claim. The City of Baker claim included the MPC shelter reimbursement package.

The OIG met with Ms. Rogers on November 12, 2009. During that meeting we advised Ms. Rogers that our analysis of documents removed from Mr. Sinclair's office indicated that expenses and labor costs included in the MPC disaster claim were substantially false. Ms. Rogers told us that Mr. Sinclair had contacted her in the preceding several days, trying to withdraw his reimbursement claim. Mr. Sinclair later told her to simply place it all on hold.

Melvin Smith is employed as a Section Chief in GOHSEP's Disaster Recovery Division and is Ms. Rogers' supervisor. The OIG, along with Special Agent Steve Monachello of the FEMA OIG met with Mr. Smith on May 24, 2010. Mr. Smith was advised that our investigation had shown that the MPC Gustav application was almost entirely fraudulent. We advised him that Ms. Rogers had been provided the same information on November 12, 2009. We told Mr. Smith that there were discrepancies in the Form 1099s compared to the Force Account Labor worksheets. Mr. Smith said that he was surprised that such discrepancies had not been discovered by the FEMA project officer or the Public Assistance Coordinators assigned to this case. Mr. Smith confirmed that Equipment and Labor expenses are reimbursed based on legitimate expenses actually incurred.

In early June, 2010, despite both the OIG and the FEMA OIG having notified Ms. Rogers and Mr. Smith that the MPC Gustav reimbursement claim was fraudulent, GOHSEP issued several checks totaling approximately \$344,300 to the City of Baker. Of that \$344,300, approximately \$256,800 was intended for MPC, based on its Gustav shelter reimbursement claim.

GOHSEP issued these public funds even after OIG and FEMA OIG investigators advised two levels of disaster recovery workers that the MPC claim was fraudulent. GOHSEP senior management, upon being notified by OIG of the fraud and receiving a draft copy of this report, advised that they were able to recover the funds from the City of Baker.

## False Statements on DHH ATR Applications

Applicants to the LA DHH Office of Addictive Disorders (OAD), Access To Recovery program (ATR) are required to disclose any past criminal convictions prior to being approved as program participants. The Criminal Conviction Disclosure forms for five ATWH employees were found to contain false statements. The disclosure forms prepared by Mr. Sinclair, Lila R. Sinclair, and three other ATWH staff members stated that they had never been convicted of a criminal offense in any state.

Each of them signed and dated the form, attesting that the information they supplied was truthful, and acknowledging their awareness that false statements on the form were prosecutable under applicable federal and state laws. Criminal history checks on Ricky Sinclair, Lila R. (Jeannie) Sinclair and three other ATWH employees revealed that they each had criminal convictions on record. The false statements on the DHH documents resulted in Mr. & Mrs. Sinclair's and All The Way House's being approved as recipients of ATR funding. They ultimately received \$258,000 in federal and state funds through the ATR program. It appears that Mr. Sinclair and his staff violated La. R.S. 14:133, titled "Filing or maintaining false public records," when they submitted these false statements to the LA DHH.

Mr. Sinclair's 2007 OAD ATR Facility Application Criminal Conviction Disclosure Form:

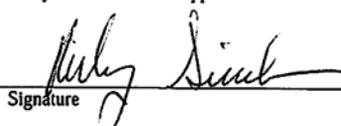
<b>Name:</b> Ricky J. Sinclair	
<b>Facility Name:</b> All the way House, Inc.	<b>Date Applied:</b> 9/17/2007
<b>Phone Number:</b> 225-603-7568	<b>Email Address:</b> ricky.s@miracleplacechurch.org

Ever been convicted of a felony, or been convicted of a criminal offense in any State? Yes  No

• If yes, attach an explanation of the conviction including name and details

**With my signature below, I attest:**

1. That I have reviewed the information on this Criminal Conviction Disclosure form and attest that it is true, accurate, and complete
2. That I understand that knowingly and willfully failing to fully and accurately disclose this information requested may result in denial of a request to participate or, if already participates, a termination of privileges.
3. That I understand that whoever knowingly or willfully makes or causes to be made a false statement or representation of this statement may be suspended and/or terminated from ATR participation, and subject to prosecution under applicable federal and state laws.

Signature:  Date: 9/13/07

<u>Summary of Ricky Sinclair's Criminal History Convictions</u>	
5/31/1982	Distribution of Diazepam, Distribution of Marijuana, Distribution of Cocaine - LA State Police (Pled guilty to Possession of Diazepam on 2/23/1983 – (pled guilty on October 10, 1985)
8/24/1985	DWI - St. Tammany Sheriff (pled guilty to DWI on 10/10/1985)
4/21/1987	PWITD Marijuana - West Feliciana Sheriff's Office (Pled guilty to Distribution of Marijuana, 20 <sup>th</sup> Judicial District Court on 11/3/1987 – sentenced to 7 years at La. Department of Corrections – pled guilty on October 10, 1985)

On February 9, 2000 Mr. Sinclair received a pardon from Governor Mike Foster. This pardon lists the crimes of Possession of Diazepam, Distribution of Marijuana, Possession with intent to distribute Marijuana, and Possession with intent to distribute MDMA "Ecstasy" as the charges that were pardoned. However, Mr. Sinclair's October 10, 1985 DWI conviction was not listed on the pardon. The form allows for the explanation of any "yes" answers.

According to ATR administrators, the convictions alone would not necessarily have excluded him and other ATWH staff members from participating as addiction services providers, but the fact that they chose to be untruthful caused them and ATWH to be removed from the program.

## **Exploitation of All The Way House Clients**

On September 17, 2007, Mr. Sinclair and ATWH submitted an application to become an approved LA DHH OAD ATR facility. Approval of that application ultimately allowed Mr. Sinclair and ATWH to receive payments from DHH for addiction recovery services provided to clients in the care of ATWH.

Included in Mr. Sinclair's application is an OAD Code of Conduct, which contains Mr. Sinclair's signature, attesting to his knowledge of the code. The Code of Conduct sheet was part of an application that resulted in ATWH being accepted as a provider for billable services to clients enrolled in addiction recovery services.

Item #1 under the Code of Conduct heading states, *"No employee shall emotionally, physically, verbally, economically abuse or exploit any client or the client's family members."* Item D under the Definitions section of the Code of Conduct defines exploitation as the *"Illegal or improper act of using the client and/or resources of the client for monetary or personal benefit, profit, gain or gratification."*

Former ATWH clients and staff members confirmed that ATWH clients performed labor to construct Mr. & Mrs. Sinclair's new residence in Baker. According to ATWH clients, they were significantly involved in the construction of the Sinclair residence from clearing the land to completion.

During 2008, Mr. Sinclair forced the ATWH clients to perform construction work on his personal residence under threat of expulsion from the program and the ATWH facility if they refused. Some ATWH clients were in the program as a condition of probation, parole, or their bond from jail. Expulsion from the program could have resulted in the incarceration of these individuals. ATWH clients were housed in crowded, substandard living quarters while building Mr. & Mrs. Sinclair's residence.

**Mr. & Mrs. Sinclair's Residence:**



**All The Way House client accommodations:**



## **Caring to Love Ministries Invoices**

Caring to Love Ministries (CTLM) is a contractor approved by the Louisiana Department of Social Services to administer and supervise subcontractors delivering teen abortion prevention training through a program known as the Life Choice Project. Mr. Sinclair presented false documents to CTLM that resulted in unearned payments to MPC of approximately \$31,500 in public funds.

Dorothy Wallis, the president of CTLM, stated that CTLM began contracting with Mr. Sinclair to present the Life Choices Project curriculum on September 1, 2006. Ms. Wallis stated that she cancelled CTLM's contract with MPC effective October 30, 2009 after she reviewed Mr. Sinclair's program attendance records and determined that they contained false information. CTLM paid Mr. Sinclair \$1,500 per month for those services for a total of 21 months in the period 2006-2009.

The most recent CTLM/DSS contract for the period July 2009 through June 2010 targets the same teen population and allows a unit cost (per participant, per class delivered) of \$45 per participant in the Life Choice Project program. Mr. Sinclair submitted two lists of program participants totaling 98 individuals. CTLM submitted the lists to DSS as part of its monthly reimbursement. These lists were later found to be false. After determining the invoices were not accurate, CTLM cancelled the contract with Mr. Sinclair and reduced its subsequent invoice to DSS by 98 participants. CTLM adjusted its invoices to reimburse DSS for money paid for services that Mr. Sinclair did not render.

In order to receive payment from CTLM, Mr. Sinclair submitted program attendance documents to CTLM. The attendance documents contained the names of individuals who told the Office of Inspector General that they did not participate in the program, did not receive the training, and did not sign their initials on forms to verify that they received the training. None of the persons interviewed received the training. Former MPC youth pastors also stated that the CTLM program was not offered at MPC or at MPC youth church. The former youth pastors did not deliver the training and did not issue any Life Choice Project, S.A.F.E. or SAFE Haven printed training materials.

Two persons interviewed admitted to assisting Mr. Sinclair, at his direction, in the creation of false documents that were later submitted to CTLM as part of an invoice package. A witness described meeting with Mr. Sinclair and Lori Hart (Mr. Sinclair's secretary) to forge the initials of persons they were representing to CTLM as having received the invoiced services. Mr. Sinclair even recommended to the other two present that they alternate using their right and left hands so the initials would look more authentic.

## Recommendations:

1. Mr. Sinclair overstated claims to FEMA and GOHSEP related to labor and expense costs for shelter operations after Hurricanes Katrina and Gustav. Mr. Sinclair's Hurricane Gustav claim contained Form 1099s that directly contradicted the claims on the Force Account Labor sheets.

In light of the fact that a significant payment was made to Mr. Sinclair and MPC even after the OIG and the FEMA OIG informed two levels of disaster recovery workers that the related claim had been found to be fraudulent, GOHSEP should consider necessary personnel or policy changes to ensure that it acts on such notifications in the future. Further, although this report does not focus on the claims review and payment process, a future review of that process is appropriate, given the facts uncovered in this investigation.

2. ATWH staff submitted false Criminal Conviction Disclosure forms as part of the ATWH 2007 application and the 2009 facility reapplication. There was no policy providing for independent verification of the criminal history information provided to the LA DHH Office of Addictive Disorders on facility or provider applications. LA DHH OAD has since implemented procedures that include criminal history checks as part of the application process for OAD provider facilities. These new procedures should be maintained.

3. Mr. Sinclair submitted invoices to Caring to Love Ministries for services not actually rendered. Subcontractors for such services should be closely monitored to ensure that federal and state funds are expended properly and for the purposes intended. Dorothy Wallis, president of CTLM, has now implemented much more stringent documentation policies for attendance verification. These policies include having the attendees print and sign their own names, provide zip codes of residence, and having subcontractors provide photographs of their classes. These new policies should be maintained.

4. Mr. and Mrs. Sinclair used ATWH clients for their own personal gain, which is in violation of their agreement with the State of Louisiana. DHH OAD program monitors should randomly and privately interview clients of publicly funded addiction service programs without prior notice to the provider in order to prevent such abuses. Publicly funded providers should be subject to adequate monitoring to ensure the well being and safety of the participating clients.

5. Due to Mr. and Mrs. Sinclair's and Miracle Place's apparent lack of good faith both in their application to LA DHH OAD, and by submitting invoices with inflated and provably false expenditures to GOHSEP, the state's chief procurement officer should evaluate and consider whether it is appropriate to initiate debarment and/or suspension proceedings for Mr. Sinclair and Miracle Place Church, pursuant to La. R.S. 39:1672.

Our investigation revealed possible violations of state and federal law. This information has been submitted to the United States Attorney for the Middle District of Louisiana for review and possible prosecution.

## **APPENDIX A**

### **Responses**

## **GOHSEP's Response**



**BOBBY JINDAL**  
GOVERNOR

**State of Louisiana**  
**Governor's Office of Homeland Security**  
**and**  
**Emergency Preparedness**

**MARK A. COOPER**  
DIRECTOR

March 1, 2011

Stephen B. Street, Jr.  
State Inspector General  
Post Office Box 94095  
Baton Rouge, Louisiana 70804-9095

Re: Case No. CID-10-003

Dear Inspector General Street:

Please accept this letter as response to your January 26, 2011 letter and draft investigative report of Mr. Ricky Sinclair, acting on behalf of the Miracle Place Church and All The Way House drug treatment facility (hereafter collectively referred to as "MPC"). The report describes MPC's fraudulent conduct in submitting false information to several government agencies in order to participate in certain public programs and, in the cases described, improperly obtain public funds.

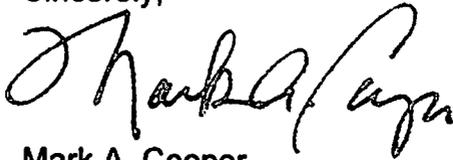
I share your concern that partial payments were disbursed to the City of Baker upon receipt of their Request for Reimbursement, which attests to the validity of the claim, even after federal, state, and municipal officials were aware of an investigation into the validity of MPC's claim to the City of Baker. Those payments were never disbursed to MPC, and, upon your notification of this situation to GOHSEP senior management, steps were immediately taken to recover the funds disbursed to the City of Baker.

After an extensive review of the agency's procedures in administering the federal Public Assistance (PA) program, I believe that existing checks and balances prevent the occurrence of similar situations when the public officials and their agents involved at the local "applicant" level, the state "grantee" level, and the federal government level follow established procedures and act upon information of potential fraud.

It is the stated responsibility of all GOHSEP employees and contractors to ensure that all grant funds distributed are in fact for eligible expenses of eligible applicants. I have directed a re-emphasis of that principal and the corresponding processes to all GOHSEP personnel and contractors involved in the Public Assistance program and will also engage our local and federal partners to work with them to prevent future incidents such as this. GOHSEP personnel and contractors who were involved in this incident have been counseled and have a clear understanding of their responsibilities in the future.

Finally, thank you and your staff for the work that went into this case. Please alert me personally if your office receives any future evidence of unlawful or inappropriate activity so that my staff and I can act immediately to put a stop to it.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Cooper". The signature is written in a cursive style with a large initial "M".

Mark A. Cooper

MAC:mr

## **Melvin Smith's Response**

Melvin Smith  
Section Chief State Applicant Liaison  
GOHSEP – Disaster Recovery  
1500 Main Street  
Baton Rouge, Louisiana 70802  
January 28, 2011

Mr. Stephen B. Street, Jr.  
State Inspector General  
Office of the Governor  
Office of State Inspector General  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-4262

Re: Case No. CID-10-003

Dear Mr. Street:

Attached you will find my written response to the above referenced Case Number along with a statement of concurrence in part to the findings and recommendations and the corrective actions to be undertaken. While I cannot address the full findings in Case No. CID-10-003 due to lack of involvement or awareness, I will attempt to address those portions that address me by name.

Respectfully,

  
Melvin Smith

### **Summary of Initial Meeting with the OIG and Special Agent Steve Monachello:**

Somewhere around the date of May 24, 2010 a representative from the Louisiana Office of Inspector General (OIG) along with Special Agent Steve Monachello of FEMA paid me a visit at the Baton Rouge Joint Field Office. I was informed by the OIG that there was an investigation ongoing concerning a possible fraudulent application, and that they wanted to ask me some questions concerning the duties of the State Applicant Liaison (SAL) and the FEMA Public Assistance Officer (PAC) and the Public Assistance process. I explained to the OIG that the SAL role is to provide technical assistance and programmatic guidance to the applicant and serve as a liaison between FEMA and the applicant. I also explained that the role of the FEMA PAC was to gather the documentation, make an eligibility determination and Project formulation. We discussed the required documentation needed to write a PW for Force Account Labor and equipment and what roles the PAC and SAL played in the review of the documentation. At that point in the conversation I was informed that there was an investigation ongoing concerning Miracle Place Church (MPC) a sub applicant under the City of Baker and that the documentation showed that the application appeared to show fraudulent documentation. I was informed and shown where there were discrepancies in the form 1099s compared to the force account labor worksheets. I explained to the OIG that once the documentation is provided to FEMA a review occurs to determine eligibility. I was advised that the SAL Bonetta Rogers was provided the same information and I told them that I was surprised that the PAC and SAL had not discovered the discrepancies in their review of the submitted documentation. However, at that I was not aware that 1099s are not submitted initially as part of the documentation.

Later in the conversation the OIG proceeded to give me a background on the pastor of MPC and the fact that this was not the first disaster that there was possible fraudulent activity related to the pastor. At the end of the conversation I was informed by the OIG that they wanted to set up a meeting with Ms. Rogers and asked that I have her contact them. The conversation ended with me being told that I was very helpful and that if they had any additional questions they would contact me.

On May 25, 2010 I received an email from Steven Monachello requesting copies of duty descriptions for both the PAC and the SAL which I forwarded to him that same day. The next communications I had with the OIG was on June 15, 2010 in which I received an email from Shane Evans informing me that he had just left a message for Bonetta Rogers, and that he was requesting a meeting with her on behalf of the Assistant United States Attorney handling this case, Patricia Jones. His email stated that he wanted to let me know, and ask that I have her return his call. This is the last communication that I recall having with the OIG until January 24, 2011 at our Independence Blvd office.

### **Page 8, paragraph 4**

I concur with the statements in the above paragraph but do not concur with the statement that I was advised that an investigation had shown that the MPC application was almost entirely fraudulent. Again, it was my understanding that there was an ongoing investigation and that the OIG was at that point alleging that there was fraudulent activity. However, it is my professional opinion that base upon the fact that we deal with several applicants on a daily basis that have some degree of challenge or issues that must be looked into from a eligibility standpoint, I did not take any action to forward up the chain of command because I was awaiting further documentation, guidance or some type of report confirming that a investigation had been conducted and completed with findings, and with further guidance from them. Furthermore, it was my understanding at the time that the investigation was ongoing due to the fact that they were interviewing me and asking questions, and also the fact that they

still were requesting to speak with Bonetta Rogers. Based upon the fact that I was not provided any official copy of a fraudulent report I thought that at the conclusion of the investigation that someone would contact me with further information to make a determination. I do concur that I was provided with copies of the 1099 and the force account labor worksheets that did not match and appeared to have discrepancies. I was under the impression that the investigation had not been completed and any fraudulent activity found would be presented to GOHSEP in a more formal report. With this being my first encounter with the State IG, I expected the conversation to begin with "we have concluded an investigation into fraudulent activity by the applicant and here is our findings" and report.

Page 8, paragraph 5&6

I do not concur with the fact that the OIG insinuate that I was aware that the MPC Gustav reimbursement claim was fraudulent and GOHSEP still issued the public funds knowingly. Again, it was my interpretation and understanding that the OIG had determined that some 1099s and force account labor worksheets appeared to be forged and were considered fraudulent, however I thought they were still in the process of researching, interviewing and investigating to make a final determination. Even after being shown copies of the 1099s and the labor worksheets where discrepancies were noted, it was my understanding that the process was ongoing. There are several layers involved in the reimbursement process, with the role of the SAL being only one part of the process. In my position as Section Chief, I can make recommendations to leadership concerning placing an applicant's payments on "hold", however I cannot decide to issue or stop payments. In addition, I felt that with Hurricane GUSTAV striking in September 2008 and the fact that this meeting with me was taking place almost 2 years after the fact that perhaps at least 90 percent of the funding would have already been paid through our advance express pay system, due to the fact that this claim was under the category of Category A or B Emergency Protective Measures. Also, I felt that our agency had steps in place to retrieve funding if payments were made that were not eligible. One of those steps is the fact that all applicants are required to sign a Memorandum of Understanding (MOU) with GOHSEP stating that all federal funds are expended for eligible expenses in accordance with the Stafford Act and Federal Regulations. Another step is that all projects eventually go through both our Disaster Recovery Specialist (DRS), and our Documents Review Team to perform a detailed review to ensure that a line item by line item check is done prior to payment of the additional 10 percent not awarded through our advance process.

In conclusion, it was my understanding that the way I was approached and the questions that were asked concerning roles and responsibilities led me to believe that this was an ongoing investigation and a final determination had not been made.

## **Bonetta Rogers' Response**

Mr. Stephen Street, Jr.  
State Inspector General  
Office of State Inspector General  
Post Office Box 94095  
Baton Rouge, LA 70804-9095

February 4, 2011

RE: Case No. CID-10-003

Dear Mr. Street:

Please consider this my written response to the draft investigative report to the above State Inspector General Case Number.

After reading the entire report, I can only respond to and have knowledge about the statements that refer to me found on page eight. From page eight, I concur with the fact that the OIG met with me on November 12, 2009.

I do not concur with the statement that I was a Witt Associates employee. I was contracted with Witt Associates as a State-Applicant Liaison.

I concur with the fact that during the meeting, the OIG advised me that it removed documents from Mr. Sinclair's office. But, I was under the impression that the analysis alleged fraud and that the information was not proven to be factual. I also understood that there would be further investigations to determine whether those [allegations] were substantiated as facts upon a completed investigation.

I concur in part that I told the OIG that Mr. Sinclair told me to first withdraw his claim and then to place it on hold, but he asked to place it on hold until this was over. I told him that if everything was truthful and he did nothing wrong, that he should not worry about the allegations because everything would reflect the truth. But that he needed to discuss that with the applicant since he was not considered the applicant.

I would like to reiterate that I was under the impression that all the information shared with me by the OIG was alleged and not based on facts and that there was an ongoing investigation to determine whether the allegations were indeed factual.

Further, the OIG told me not to discuss this information with anyone because it was still under investigation. I did not share it with upper management in GOHSEP or Witt Associates for that reason. Although, I did share it with my team lead, John Zimmer and one of my supervisors, Melvin Smith because I decided that at least, they should be aware.

Had I realized that Miracle Place Church had indeed submitted fraudulent documentation, I would have told the applicant and my supervisors and suggested that there be no more payments made.

Had I been directed or had it been suggested to me by the OIG to cease and desist the processing of any future payments, I would have shared that information with my supervisors, as well.

  
Bonetta Rogers

## **Department of Health and Hospitals' Response**

Bobby Jindal  
GOVERNOR



Bruce D. Greenstein  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Office of Behavioral Health

February 10, 2011

Stephen B. Street, Jr.  
State Inspector General  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

RE: DHH Responses to Case No. CID-10-003

Dear Mr. Street:

As per the recommendations to the Department of Health and Hospitals (DHH) – Office for Addictive Disorders, which is now the Office of Behavioral Health (OBH), please see attached responses on behalf of DHH - OBH - Access to Recovery (ATR) program.

If any additional information is needed, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Dawkins".

Kathleen Dawkins, Counsel  
DHH Attorney Supervisor

KD:cg

Cc: Pete Calamari, III, OBH Interim Assist Secretary  
Rochelle Head-Dunham, M.D., OBH Medical Director

Enclosures

**Office of Behavioral Health – Addictive Disorders Division (OBH-AD) Responses to Recommendations from Louisiana Office of State Inspector General:**

**Recommendation #2:** ATWH Staff submitted false Criminal Conviction Disclosure forms as part of the ATWH 2007 application and the 2009 facility reapplication. There was no policy providing for independent verification of the criminal history information provided to the LA DHH Office of Addictive Disorders on facility or provider applications. LA DHH OAD has since implemented procedures that include criminal history checks as part of the application process for OAD provider facilities. These new procedures should be maintained.

**OBH-AD Response:** As indicated in the recommendation, OBH-AD did revise the ATR Provider Manual in 2010 to require that all staff members working with ATR clients in ATR provider agencies submit current criminal history checks that are provided by the Louisiana State Police. OBH-AD also conducted regional meetings with all providers in 2010 to inform them of this mandatory requirement.

**Recommendation #4:** Mr. and Mrs. Sinclair used ATWH clients for their own personal gain, which is in violation of their agreement with the State of Louisiana. DHH OAD program monitors should randomly and privately interview clients of publicly funded addiction service programs without prior notice to the provider in order to prevent such abuses. Publicly funded providers should be subject to adequate monitoring to ensure the well being and safety of the participating clients.

**OBH-AD Response:** OBH-AD will provide training to the program monitors on appropriate procedures to privately interview randomly selected clients on a minimum of a quarterly basis. Interviews will be conducted via telephone or in-person with randomly selected clients. The program monitors will be provided with an interview form to guide and structure their interviews with the clients. Training and preparation for interview procedures will be implemented in March 2011 and client interviews will begin in April 2011.

## **APPENDIX B**

### **Additional IG Comments**

## **Inspector General Comments**

### GOHSEP

In its response, GOHSEP indicates that the funds in question were never disbursed to MPC. That statement is not entirely accurate. The funds were in fact distributed to MPC in the form of a check from the City of Baker. Mr. Sinclair, for his own reasons, chose not to cash that check. While the reasons were never communicated to the OIG, it is noteworthy that Mr. Sinclair was fully aware of the ongoing OIG fraud investigation at the time he received that check because he had been present at the execution of search warrants at his church and personal residence. Notwithstanding this, it would be more accurate to say that the funds recovered were still in possession of the City of Baker some eight months later because the check issued to MPC was never cashed.

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at <http://oig.louisiana.gov/>. Reference should be made to Case No: CID-10-003. If you need any assistance relative to this report, please contact Greg Phares, Administrative Program Director at (225) 342-4262.

## **REPORT FRAUD, WASTE, AND ABUSE**

To report alleged fraud, waste, abuse, or mismanagement relative to state programs or operations, use one of the following methods:

- Complete complaint form on web site at <http://oig.louisiana.gov/>
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- Call the Office of State Inspector General at (225) 342-4262